

**COMMONWEALTH OF MASSACHUSETTS
BEFORE THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Investigation by the Department of)	
Telecommunications and Energy and the)	
Energy Facilities Siting Board on Their Own)	D.T.E. 98-84/ EFSB 98-5
Motion into a Proposed Alternative Process to)	
the Filing of Long-Range Forecasts Required by)	
G.L. c. 164, § 69I.)	
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**COMMENTS OF
WESTERN MASSACHUSETTS ELECTRIC COMPANY**

I. BACKGROUND

On August 19, 2002, the Department of Telecommunications and Energy (“Department”) and the Energy Facilities Siting Board (“Siting Board”) (together, the “Agencies”) issued an Order seeking comments on a proposed alternative process to the filing of long-range forecasts required by G.L. c. 164, § 69I. Western Massachusetts Electric Company (“WMECO”) respectfully submits the following comments.

This proceeding was originally initiated by the Agencies in August 1998 to determine whether to rescind the Agencies Integrated Resource Planning regulations, 220 CMR 10.00 *et seq.* and exempt electric companies from any or all of the requirements of G.L. § 69I. Subsequently, in 1998, comments were submitted by interested parties and the Agencies held two technical sessions. A further round of comments was sought by the Agencies in 1999 after

the approval by the Federal Energy Regulatory Commission (“FERC”) of System Interconnection Standards in 1999.

As the Agencies recognize in their August 19, 2002 Request for Comments, much has changed since these proceedings were initiated in 1998. For example, investor-owned utilities in the Commonwealth have almost entirely completed the divestiture of their generation resources.

Second, the Independent System Operator – New England (“ISO-NE”) has become operative and is now engaged in transmission planning. Currently, transmission planning is performed on a 10-year horizon with ISO-NE identifying needs. The Regional Transmission Expansion Plan (“RTEP”) is then published by ISO-NE and covers the first five years of the planning horizon. The RTEP prioritizes major regional needs, including estimates of the economic value and impact of the needs and it is made available to all market participants. Market participants have an opportunity to respond to the RTEP through an interconnection study process. ISO-NE evaluates market responses and transmission owner proposals in a manner that gives preference to none, but which addresses regional reliability and economic needs in a timely manner.

Third, the FERC has made clear in various orders and rulemakings its interest in a reform to transmission systems and planning on a country-wide basis. In particular, the FERC, on July 31, 2002, issued its notice of proposed rulemaking on Standard Market Design in Docket No. RM01-12-000 (the “NOPR”). In this rulemaking FERC set forth certain recommendations for regional transmission planning and expansion (*see* §§ 335-350, attached). (According to the NOPR, a regional transmission plan is to be in place by the end of next year.

See § 345.) Pursuant to the NOPR, on August 23, 2002, ISO-NE and ISO New York filed its joint Northeast Regional Transmission Organization (“NERTO”) Proposal. This proposal includes specific proposals for transmission planning in the Northeast (*see, e.g.*, Attachment VII of the NERTO attachment (attached)).

The point of the above discussion is that the Agencies should recognize fully, in any discussion of transmission planning, the efforts that are taking place regionally and at FERC. Unlike the situation of just a few years ago, planning for the transmission system is not in the exclusive (or even, in many cases, partial) bailiwick of distribution companies. Third parties are proposing and building merchant transmission, and independent entities, such as the ISO-NE have their own planning processes. Further, FERC in its NOPR envisions regional Independent Transmission Providers as the linchpin of transmission planning and expansion. The Agencies should not impose review or reporting obligations upon existing distribution companies because that not fit into the more regional, non-utility-based, reality of transmission planning.

II. RESPONSES TO THE DEPARTMENT’S AND SITING BOARD’S QUESTIONS

1. Does the proposed alternative process provide all the information that the Department needs to help ensure distribution system reliability? What additional elements, if any, should be included in an alternative process that focuses on distribution system reliability?

The Department has focused extensively on each distribution company’s system reliability and service in a number of cases and has imposed numerous requirements for the distribution companies (*see, e.g.*, *Western Massachusetts Electric Company*, D.T.E. 01-66 (2002); *Service Quality* (D.T.E. 98-84). These requirements, part of the alternative process, provide considerably more planning criteria, load forecast information, and distribution system

construction plans than required under G.L. c. 164, § 69I and should be sufficient to ensure distribution system reliability.

In addition to this information, the distribution companies' quarterly Outage Reporting Protocol report provides details of interruption frequency and causes to the Department. Also, the annual service quality report filed in March provides a comprehensive measure of system reliability performance. WMECO has been using these performance measures and similar planning guidelines for several years. The combined information from the filings referred to above provides more than adequate means for the Department (and the Siting Board) to judge distribution system reliability performance and planning initiatives.

2. Are there issues other than those raised in Section II.A above which must necessarily be included in an alternative process that is consistent with the public interest? If so, what are these issues, and why are they important?

Section II.A lists three objectives, two of which the Agencies acknowledge are no longer primarily the responsibility of the Department and the Siting Board. With respect to demand-side management, the Electric Utility Restructuring Act of 1997 (Chapter 164 of the Acts of 1997) created a new mechanism for funding DSM and increased the role of the Division of Energy Resources. Thus, there are other mechanisms and dockets in place to evaluate the effectiveness of DSM (*see, e.g., Western Massachusetts Electric Company, D.T.E. 00-79*) and there is no need to duplicate the effort in a long-range planning report.

In addition, as acknowledged with respect to transmission constraints, ISO-NE and/or another independent regional transmission entity would be a far better party to report on such constraints to the Department. As indicated above, there is now regional transmission planning in New England and, in the future, this regional transmission planning will undoubtedly be

expanded to the Northeast. There remains a great deal of discussion on whether the ISO-NE and New York ISO will merge and become a Regional Planning Organization and discussion concerning the constitution of any additional independent regional planning entity. Such an entity is sometimes referred to as an Independent Transmission Company or Independent Transmission Provider. Whatever the precise nature of the new organizations, however, and whatever the pace of change to the new model, there will be, at a minimum, the system in place at present, an ISO-like entity engaged in planning and issuing a regional plan. Because of the regional nature of transmission plans, it is far from optimal to require individual distribution companies to provide transmission congestion reports.

3. Is further definition of any element of the alternative process proposed in Section II.B needed to ensure that there is a common understanding of electric company responsibilities under the alternative process?

WMECO believes that there is a common understanding of electric company responsibilities under the alternative process. Specifically, WMECO plans to submit 10-year load forecasts for each circuit and substation. For the operating study report, power flow studies for all 250-300 distribution circuits in WMECO's system are of minimal value since a majority of them do not reach a peak load that comes close to their ratings. WMECO proposes to provide power flow studies for those circuits that exceed 90% of their normal ratings for the 2003 forecasted peak loads, or 90% of their emergency ratings for the 2003 peak loads during a contingency that involves the automatic transfer of load (e.g., recloser loop scheme).

Pursuant to the Department's Order in D.T.E. 01-66, WMECO provided the Department a list of critical facilities and whether they have emergency generators. As

previously reported by WMECO, WMECO does not provide emergency generators for customer use, but rather places its focus on line repairs.

Finally, WMECO plans to provide a prioritized list of significant distribution reliability projects for year 2003 in its annual planning report.

4. Can the need for a transmission project predicated on load growth be described more effectively, efficiently, and consistently through standardized annual forecasts or by project-specific inquiry?

In the planning model of the future, load growth in an area may be addressed by generation, transmission, conservation or demand response measures. Some of these measures may be provided by non-regulated market entities (*i.e.*, non-distribution companies) and some may be provided by distribution companies. The regional transmission plan adopted by ISO-NE or other independent regional entities that are created as a result of the FERC NOPR will specify a procedure for choosing and putting into place the appropriate measure. Accordingly, the best place for the Department to obtain information concerning a new transmission project would be from reports submitted by the independent regional transmission entity.

5. To what extent could data from the annual report provided to the Department be used to demonstrate the need for transmission projects proposed primarily for support of the distribution system? To what extent could data from the annual report be aggregated to document the need for transmission projects intended for the transfer of bulk power within a single utility's service territory, or between service territories?

While the data in the distribution company's annual report will include helpful information, the report by itself will not be enough for transmission planning. The distribution report is done on a circuit level and intended as a planning tool to identify potential substation and circuit overloads. The report does not address transmission infrastructure issues. Load

forecast data from the distribution report should be incorporated into a larger transmission study by the independent transmission entity. The RTEP provides a load forecast. These loads can be analyzed in the context of a proposed transmission project intended for the transfer of bulk power.

6. What information should be filed in support of a load forecast submitted in the context of a transmission facility proceeding under G.L.c.164, 69J?

Information filed in support of a load forecast for a transmission project could include distribution substation load forecasts from the distribution company annual reports (which include current load and projected load for 10 years). These loads can be adjusted by a diversity factor to arrive at the forecasted coincident peak for the service territory(ies).

7. What is the appropriate role of ISO-NE or a regional transmission organization in providing justification for new transmission facilities?

As has been indicated above, in the future, transmission additions will be planned and effected by an independent regional transmission planning entity. It is expected that this regional entity will have the best information pertaining to new transmission projects and will also be the author of the plan that explains the need for such new transmission.

III. NOTICE OF FUTURE PROJECTS

In Section II.B.2, the Agencies include proposals for the inclusion of certain transmission data concurrent with its annual distribution system report. To the extent not commented on above, WMECO wishes to comment on these recommendations. The data specified is: (1) a description of all transmission projects planned to be built within, or partially within its service territory in the next three years; (2) known projects to be undertaken by

entities other than the reporting electric company; (3) a list of transmission projects that it anticipates may become necessary within three to ten years of the filing.

With respect to (1), WMECO believes that the reporting electric company could provide a forecast of those lower voltage distribution level projects that do not fall under the planning authority of the independent regional transmission planning entity. (Even so, these projects may be impacted by larger projects planned by the regional transmission planning entity.) For all transmission projects that fall under the planning authority of the independent regional transmission planning authority, the electric company should not be the reporting entity. The electric company will have only the same information on transmission projects that is disseminated to all stakeholders by the independent regional transmission planning authority.

With respect to (2), the electric company should not be the reporting party because the best authority for such projects will be the independent regional transmission planning entity and the company responsible for the project.

With respect to (3), the best authority for such projects will be the independent regional transmission planning authority. That authority will conduct plans to identify long-term needs and the resources needed to meet those needs. While it is not clear if the regional entity will be planning ten years in the future, it will certainly have to plan a number of years into the future given the relatively long time frame necessary to obtain regulatory approval, construct and put into service energy resources.

IV. CONCLUSION

There has been a great deal of change in the structure of the energy environment since the time that this proceeding was originally docketed. The Agencies recognize that the process

for review of forecasts proposed in the 1998 NOI is no longer appropriate. However, the Agencies should continue to scrutinize their proposal closely because in many cases in the future, transmission information will be developed by the regional transmission entity and not by an individual distribution company. To the extent that a regional transmission entity produces transmission plans and forecasts, a distribution company should not be responsible for providing and defending these data.